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AMERICAN AND JAPANESE POLLS ON THE BILATERAL RELATIONSHIP: TRENDS AND IMPLICATIONS

Summary

Recent polls in both Japan and the United States indicate that, while there is still a reservoir of goodwill between the two countries, popular attitudes on both sides of the Pacific are growing more critical. The reasons for the rising tension may be associated with the uncertainty that Japanese and Americans feel about the future of bilateral relations. As Japan's economic strength increases -- and as the U.S. economic position appears to waver -- the two countries' respective citizenry tries to assess what these changes might mean to them directly and the rapidly changing international system indirectly. The public's attitudes, in turn, can affect the actions of politicians. An examination of the content of some recent polls will preface a review of the possible implications of deteriorating popular attitudes for the future of bilateral relations.

Introduction

It has become almost commonplace to speak of "mounting tensions" between the United States and Japan. The rhetoric between Washington and Tokyo has been especially heated during recent years. In 1989 both governments embraced official positions that reflected their concern about these tensions. Washington cited Japan as a priority country under the Super 301 provision of the 1988 Omnibus Trade and Competitiveness Act, while Tokyo officially recognized the increasing tensions in the bilateral relationship in its annual diplomatic blue book. Despite these developments, policymakers in both countries continue to insist that the two nations are among the world's closest allies. Thus, the actions and the language of national leaders send mixed signals.

It has long been a matter of debate whether the statements of policymakers truly reflect national attitudes. How close do Americans perceive the U.S.-Japan alliance to be? Similarly, what is the attitude of the average Japanese citizen regarding the United States? Extensive polls in both countries have addressed these kinds of questions. Not surprisingly, a review of recent polls reveals somewhat contradictory responses. Some reflect a broadly positive view of bilateral relations, with respondents on both sides likely to say they have some warm feelings toward the other. Other polls indicate much less friendliness. For example, some Japanese surveys have reflected negative attitudes not only about U.S. policies but about American traits as well. A number of U.S. pollsters have concluded that Americans are more worried about the Japanese economic "threat" than the Soviet Union's military might.

These latter polls have generated considerable concern in policymaking circles. While it would be premature to conclude that bilateral relations are irrevocably set on a downward course, it is hardly an overstatement to suggest that they are under increasing stress. As Japan's economic strength continues to grow -- and as Americans believe that this growth often occurs at their expense -- tension has mounted in this country. Meanwhile, these is a feeling in Japan that U.S. policymakers are making Japan a scapegoat for Washington's domestic economic problems rather than embracing the kinds of difficult policy choices necessary to restore U.S. competitiveness.

Over time the trend from such polls is probably toward the negative. While it is not difficult to find evidence of positive attitudes, most multiyear polls reveal that feelings of goodwill are declining as time passes. The questions themselves seem to be phrased in increasingly confrontational terms. This may be both cause and effect in the determination of public attitudes.

Some Methodological Considerations

The mixed nature of polling data probably occurs for two reasons. The first is methodological. Researchers are quite aware that the way a question is asked influences -- and sometimes determines -- the answer. Related to the choice of words used in a question is its degree of specificity. That is, an examination of poll data reveals that when people are asked a very general question -- along the lines of "How would you evaluate the state of U.S.-Japan relations?" -- the answers are generally positive. When people are faced with more specific questions (for example, regarding single issues like Japanese investment in the United States), responses are sometimes more negative. This could be because people are more reluctant to characterize a country in sweepingly negative terms; it also could be because specific questions bring to mind specific grievances.

It also is important in reviewing the results of polls to remember that nearly all of them are representative of public views and not necessarily the views of decisionmaking elites. While decisionmakers may turn to popular opinion to support their policies, they equally may shape those attitudes through subtle and not-so-subtle actions. Elites obviously have more influence than the overall population in affecting the state of bilateral relations. Thus, the

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results of a 1986 Gallup Poll commissioned by the Chicago Council on Foreign Relations assumes considerable significance: 98 percent of the "leaders" compared to 78 percent of the public said the United States had a "vital interest" in Japan. And even within the hierarchy one person in a key position can have an enormous impact on policy formation -- as evidenced by the influence George Bush has had in shaping U.S. policy toward China (despite substantial opposing views not only in the overall population but also within Congress).

An examination of popular attitudes indicates nothing about how such attitudes are formed. Effective elites can shape popular opinions. How decision-makers interact with the media and the role of the media itself have a crucial hand in forming national attitudes. Particularly as far as the U.S.-Japan relationship is concerned, the media in both countries have tended to highlight the dramatic and confrontational elements of the relationship. In the United States, for example, press accounts of such actions as the Japanese purchase of Columbia Pictures may have been highly influential in affecting American attitudes regarding Japanese investment in this country. Similarly, the Japanese press tends to portray bilateral economic relations in terms of a panoply of U.S. demands rather than a set of ongoing economic negotiations. To the extent that such issues are portrayed in a negative fashion, they may be instrumental in increasing negative popular attitudes.

Another caution about polls is that they do not reflect the intensity of respondents' feelings. For instance, 50 percent of the population may choose a negative response, but the level of negative feeling cannot always be derived from the categories in the poll. Too, people may have especially negative attitudes regarding a particular issue -- for example, rice imports in Japan or foreign direct investment in the United States -- but generally good feelings about overall relations. Conversely, in some cases the negative feelings associated with one particular issue may spill over into overall attitudes (perhaps depending on whether a respondent lives in an economically hard-hit area like the U.S. "rust belt").

Overall Impressions: Friendly But Wavering

One of the most striking aspects of the postwar bilateral relationship has been the degree to which -- despite the many areas of tensions -- U.S.-Japan relations have been perceived as friendly. Indeed, most contemporary research reveals that the majority of Americans and Japanese continue to perceive overall relations as warm or "somewhat" warm. Interestingly, observers of U.S.-Japan relations have noted that despite the attention given to "Japan bashing" in the United States, overall U.S. sentiment toward Japan has ranked consistently warmer than Japanese sentiment toward the United States. For example, in one of a series of polls by the New York Times/CBS News and the Tokyo Broadcasting System, people were asked:

> How would you describe relations between Japan and the United States today? Would you say relations are very friendly, somewhat friendly, somewhat unfriendly, or very unfriendly?

	1989	1988	1987	1986	1985
United States					
Very Friendly	17%	14%	13%	22%	23%
Somewhat Friendly	62	59	59	63	65

Somewhat Unfriendly	10	14	17	7	6
Very Unfriendly	2	3	2	1	1
Don't Know/No Answer	9	10	9	7	5
Japan					
Very Friendly	11	2	1	4	5
Somewhat Friendly	57	52	42	62	68
Somewhat Unfriendly	25	40	48	26	20
Very Unfriendly	4	3	7	3	1
Don't Know/No Answer	3	3	2	5	6

Sources: New York Times/CBS News for U.S. data; Tokyo Broadcasting System for Japanese data. February 1989 poll.

One might speculate that because this poll already is a year old, it is outdated. Indeed, the New York Times and CBS recently released the results of a February 1990 poll that showed a much bleaker picture of the state of bilateral relations. When Americans were asked whether their feelings about Japan are "generally friendly" or "generally unfriendly," a full 25 percent of the respondents chose the negative characterization. Another recent poll indicated that over 40 percent of U.S. respondents selected Japan as this country's "least trustworthy ally." Similarly, when pollsters for Business Week asked Americans last year which country presents the most immediate threat to U.S. interests, Japan was the overwhelming "favorite."

> If you had to say, which do you now think is a more serious threat to the future of the country -- the military threat from the Soviet Union or the economic threat from Japan?
>
> | | |
> |---|---|
> | The military threat from the Soviet Union | 22% |
> | The economic threat from Japan | 68 |
>
> Source: Business Week, August 7, 1989.

In the past year much has happened that could encourage such responses. The Bush administration's decision to make Japan a priority under the Super 301 provision of the 1988 trade act -- as well as to pursue the overarching Structural Impediments Initiative in order to tackle the underlying causes of the huge bilateral trade imbalance -- indicated Washington's frustration with the current state of U.S.-Japan economic relations. Tension also resulted from the debate surrounding U.S.-Japan negotiations on the joint development and production of Japan's next-generation fighter support aircraft (the FSX), with a storm of controversy resulting from the perception that the United States was giving away leading-edge aerospace technologies. Similarly, the flood of negative press reports regarding the purchases of Columbia Pictures and Rockefeller Center by Japanese investors did nothing to smooth over bilateral relations.

Being cited under the Super 301 provision was a thorn in the side of policymakers in Tokyo. Given the uncertain nature of Japanese political affairs in the immediate aftermath of the Recruit Co., Ltd. influence-peddling scandal, the Super 301 citation was perceived as coming at a particularly bad time. There was some feeling in Tokyo that Washington's decision showed insensitivity

on the part of its ally to Japan's political situation. Consequently, Japan's official policy also has reflected a perception of increasing tensions. Nihon Keizai Shimbun reported in September 1989 that the most striking characteristic of the most recent Japan diplomatic blue book was its sense of crisis regarding U.S.-Japan relations. The blue book made reference to the deteriorating public opinion in the United States, noting that America's "view of a Japanese threat" was beginning to replace the "view of a Soviet threat." These comments were in marked contrast to the 1988 blue book, which noted the persistence of bilateral economic frictions but concluded that "this is a reflection of closer Japan-U.S. interdependent relations."

A slightly different -- although not necessarily more optimistic -- picture of the intensity of popular attitudes occurs when the question is rephrased. Specifically, the February 1989 New York Times/CBS survey discussed above demanded that respondents label relations in an "either/or" manner -- that is, as either mostly friendly or mostly unfriendly. When respondents have the option of choosing "neutral," even fewer respondents in both Japan and the United States choose "friendly." The "unfriendly" category also is less popular. A plurality of respondents in both countries opted for the "neutral" categorization in the November 1989 poll conducted by Yomiuri Shimbun and the Gallup organization:

Do you think that Japan-U.S. relations are better now, or do you not think so?

	1989	1988	1987	1986	1985	1984
United States						
Very Good	9.0%	7.7%	8.4%	14.4%	13.8%	14.8%
Good	36.6	40.4	39.9	45.3	46.4	44.0
Neither Good Nor Bad	40.4	39.1	38.7	32.0	30.1	31.7
Bad	9.3	6.0	7.0	3.4	4.0	3.2
No Answer	4.8	6.7	6.1	4.8	5.7	6.3
Japan						
Very Good	2.2	2.4	2.0	3.3	2.4	5.3
Good	35.8	39.3	30.6	38.8	38.4	47.7
Neither Good Nor Bad	36.1	35.4	34.1	32.1	35.0	31.5
Bad	18.4	17.5	26.7	16.8	16.9	8.1
No Answer	7.4	5.4	6.6	9.0	7.2	7.5

Sources: Yomiuri Shimbun for Japanese data; Gallup for U.S. data. November 1989 poll.

This poll indicates some ambivalence regarding bilateral relations. Only about half of the American respondents (and even fewer Japanese) were willing to assign a positive label to U.S.-Japan relations, opting instead for neutral or negative labels. The important question, of course, is why this should be the case. While these kinds of surveys give relatively little insight into the overall causes driving responses, one easy assessment might be that the level of economic tension between the countries places continuous strain on bilateral relations. While probably true, this may be an incomplete answer. After all, economic tension has been present in the relationship for most of the 1970s and

1980s. Indeed, trade tensions were running high in Washington in the 1984-86 period, during which time the opinion surveys above showed more positive feelings in both countries.

Another possibility is that the surveys reflect increasing uncertainty in both countries about the future of bilateral relations and, more broadly, the international economic system. Sentiment in the two nations appears headed toward a recognition that the bilateral relationship is undergoing a fundamental transition that will redefine the international roles of Japan as well as the United States. One indication of this is the plethora of recent written material that questions the stability of U.S. hegemonic dominance in the international system. Witness, for example, Paul Kennedy's The Rise and Fall of Great Powers and Akio Morita's and Shintaro Ishihara's The Japan That Can Say No.

The perception that the relationship is in a state of flux creates a large degree of uncertainty in both countries. Specifically, it raises questions regarding Japan's future role in such areas as bilateral trade, international economic policy leadership and overall influence in the United States. Too, the prospect of Japan's increasing economic strength raises some speculation about the future of bilateral security relations and the extent of burden-sharing Japan may be willing to finance. Moreover, perceptions of weaker military threats from Cold War foes and ongoing relative peace -- more striking in Europe than in Asia -- may restructure one country's view of security and not the other's. How strong will the U.S.-Japan security alliance remain? Is the world rapidly moving away from a largely bipolar world (with the United States and the Soviet Union as international superpowers) to a true multipolar world (with perhaps Japan and Europe gaining superpower status)? Whether or not there is a logical causal link, many Americans have suggested that as the Soviet Union becomes less of a threat, the United States should turn its attention to the real challenge to this country's international security: Japan's economic might. In these circumstances many Americans resent financing a U.S. defense budget amounting to approximately 6 percent of gross national product -- partly to protect Japan -- when this country's principal economic competitor spends only slightly more than 1 percent of its GNP for defense, mostly its own.

The current situation in Europe -- including both the liberalization of Eastern Europe and the impending 1992 economic unification of the European Community -- also serves to exacerbate the levels of uncertainty regarding the future of international relations in both economic and security arenas. With the media airing academic and policymakers' debates on these issues, it appears reasonable to assume that the public responds and that polls reflect the resulting sense of uncertainty. Similarly, this broad uncertainty appears to have translated to a sense of a Japanese threat among Americans and to a sense of impatience among Japanese vis-a-vis their U.S. counterparts.

Economic Relations: The Tension Continues

Regarding overall economic and trade issues, national opinion surveys reveal some surprises. Americans have been far more optimistic than their Japanese counterparts about the future of bilateral trade relations -- despite the prevalence of heated rhetoric in the United States concerning trade disputes. Nearly 70 percent of American respondents to a New York Times/CBS News poll predicted that the situation would improve or stay the same, whereas

roughly 80 percent of Japanese respondents to a companion TBS poll foresaw no change or a worsening of relations:

> In the next few years, do you think the trade situation between the United States and Japan will get better, get worse, or stay about the same?

	1989	1988	1987	1986	1985
United States					
Get Better	31%	37%	38%	27%	35%
Get Worse	21	18	15	17	13
Stay the Same	37	39	38	47	47
Don't Know/No Answer	11	6	9	9	5
Japan					
Get Better	16	14	9	13	15
Get Worse	37	29	34	26	26
Stay the Same	43	52	50	56	54
Don't Know/No Answer	4	5	7	5	5

Sources: New York Times/CBS News for U.S. data; Tokyo Broadcasting System for Japanese data. February 1989 poll.

Moreover, for all the attention trade negotiators give to "protected" Japanese markets, U.S. respondents are more likely (at least in some polls) than their Japanese counterparts to endorse policies that reflect protectionism or economic nationalism:

> As measures for protecting [Japanese/American] industry, there are such ways as to impose a high tariff or a surcharge on imported goods, or restrict imports in quantity. Do you think that these measures are to be taken as a matter of course, or do you think that [Japan/America] ought not to do so? (Japanese were asked about Japan's trade policies; Americans were asked about U.S. trade policies.)

	Japan	United States
Measures ought to be taken as a matter of course	43.2%	66.1%
Ought not to do so	40.5	23.2
Other	2.5	1.1
No Answer	13.8	9.7

Sources: Yomiuri Shimbun for Japanese data; Gallup for U.S. data. November 1989 poll.

Similarly, Japanese "protectionism" in the agricultural arena is widely cited in this country as an unfair trade practice. Although U.S. pressure successfully brokered an agreement for Japanese liberalization of beef and orange imports, Tokyo's restrictions on rice imports continue to loom as a symbol of

Japanese intransigence on trade disputes. Yet sentiment here is even stronger than in Japan that agriculture is a sector that deserves protection:

> About "importing agricultural products," there are two opinions. A: 'It will be better to go on importing inexpensive agricultural products.' B: 'In order to protect the country's domestic agriculture, it is a matter of course to restrict imports.' Which opinion is closer to your view?

	1989	1988
Japan		
Closer to Opinion A	32.4%	39.2%
Closer to Opinion B	59.4	55.2
Other	2.0	1.0
No Answer	6.1	4.6
United States		
Closer to Opinion A	25.3	28.1
Closer to Opinion B	68.3	64.5
Other	2.2	0.6
No Answer	4.2	6.7

Sources: Yomiuri Shimbun for Japanese data; Gallup for U.S. data. November 1989 poll.

Finally, while respondents in both countries are rather predictably prone to wagging their fingers at the policies of the other country, polls reveal some recognition that blame could be shared. For example, a recent Business Week/Harris Poll in Japan found that 57 percent of the respondents believed that the United States was "trying to unfairly pressure" Japan. Nonetheless, 62 percent of these respondents also conceded that "Japan could be more flexible on trade." When asked about the specific areas in which Tokyo could be more flexible, most supported reform of Japan's distribution system:

> Now, do you favor or oppose the Japanese government taking any of these measures to improve trade relations with America?

	Favor	Oppose	Not Sure
Requiring that a certain amount of American products be allowed in Japan	45%	33%	22%
Reforming Japan's distribution system	64	12	24
Removing the ban on imported rice	39	48	13

Source: Business Week, December 18, 1989.

Although there is support for changing the distribution system, it appears that Japanese policymakers would have difficulty in mobilizing popular support for a reform of Japan's rice policies. The above poll actually may understate the amount of popular opposition to liberalizing rice imports. Another poll conducted by four Japanese organizations (including the General

Council of Trade Unions of Japan) found that a full 76 percent of the respondents agreed with the statement that Japan "ought not import rice." And regarding imported agricultural products, 95 percent of Japanese respondents agreed that "the government ought to carry out safety checks in the strictest way" -- a policy that U.S. critics often charge is used as a nontariff trade barrier but that probably is viewed by many Japanese as a public health measure.

If Japanese citizens recognize that their country bears some responsibility for bilateral economic tensions, U.S. respondents similarly are willing to acknowledge problems at home. Over half the Americans responding to a December 1988 Asahi Shimbun poll attributed U.S. trade woes with Japan to a lack of U.S. industrial competitiveness:

> Now, Japan-U.S. trade shows the Japanese side's large-scale excess of exports over imports. Do you think that the reason why there has been no increase in Japan's imports from the U.S. is that Japan makes it difficult for American products to have market access to Japan? Or, do you think it is because American products do not have competitiveness? (For U.S. respondents the first question was changed to "Do you think that it is because Japan shuts out American products from its markets?")

	Japan	United States
Japan makes it difficult to have market access/Japan shuts out American products	38%	38%
Not Competitive	36	53
No Answer/Other	26	9

Source: Asahi Shimbun. December 1988 poll.

Japanese Investment in the United States

If there is one area that has captured the attention of the American public more than any other in the past few years, it is the subject of Japanese direct investment in the United States. Perhaps because of its very visibility, foreign direct investment has sparked emotional, angry reactions in this country. Too, the control that Japanese investors have over U.S. fixed and financial assets via direct and portfolio investment has generated concerns that Japanese companies are gaining too much influence in this country. At the most general level the American public hears stories about Japan "buying America." At the more specific level there are concerns about the kind of influence that Japanese investors can wield over U.S. policymaking.

Prior to this year, however, the American public showed signs of ambivalence. For example, a July 1988 report by the Japan Society indicated that only 44.1 percent of respondents in California, Michigan and Tennessee (all of which host significant Japanese-affiliated manufacturing operations) agreed with the statement that "Japanese direct investment is good for the American economy." Yet a full 86.7 percent believed that "Japanese-affiliated companies have caused American manufacturers to become more competitive." The argument that Japanese investment creates jobs for American workers did not appear to carry

great weight with the general public in these states; only 35.4 percent of the respondents agreed that "Japanese-affiliated companies provide employment opportunities in my community that would otherwise not exist." It should be noted, though, that the same statement produced very different reactions among U.S. employees of Japanese-affiliated companies, nearly 80 percent of whom believed that Japanese investment creates jobs that would not otherwise be available to American workers.

Extending the question to the national level, other polls have shown the nationalism attached to the investment issue. A 1988 survey by U.S. News & World Report asked the arguably leading question: "Foreign companies are building more and more plants in America, providing more jobs for Americans. Is that a good idea for the U.S.?" Despite the obviously favorable tone of the question, only 45 percent of the respondents agreed that manufacturing investments are "a good idea," while 49 percent disagreed with the statement. The same survey went on to ask a more neutral question: "Foreign companies are buying more companies and real estate in America. Is that a good idea for the U.S.?" An overwhelming 84 percent of the respondents said that such purchases were not a good idea. The survey went on to the issue of restricting foreign investment:

> Should restrictions be placed on foreign companies buying these things in the U.S.?
>
> | | Yes |
> |---|---|
> | Companies making products related to national security | 82% |
> | Real estate | 78 |
> | Manufacturing companies | 72 |
> | High technology companies | 72 |
>
> Source: U.S. News & World Report poll by the Roper Organization, March 1988.

A 1990 poll commissioned by the Ministry of Foreign Affairs showed growing concern among Americans about Japanese investment. As reported in the February 24 Japan Economic Journal, a January survey by the Roper Organization found 44 percent of the respondents having "bad" feelings over Japanese investments in America. Those with "good" feelings came out to 27 percent. This contrasts with a similar Foreign Ministry-sponsored, early 1989 poll by Gallup in which 65 percent of those responding found Japanese investment here helpful and 24 percent had the opposite opinion. Among chief executive officers, however, a later 1989 survey commissioned by Nihon Keizai Shimbun and the Conference Board showed 69.7 percent of the respondents in agreement with the statement: "Japanese capital investments will strengthen the U.S. economy." The executives appeared evenly split, however, on the statements: "Acquisitions by Japanese companies will give them too much access to sensitive U.S. technology" (55.3 percent agreed) and "Growing investments by Japanese companies will give Japan too much economic power in the U.S. economy" (47.4 percent agreed).

Japanese critics have charged that part of the U.S. popular reaction to Japanese investment activities stems from racism. They point out that the same hostility has not been directed at British investment -- which tops the amount

of investment from Japan. In fact, about 32 percent of the CEOs surveyed in the above-mentioned poll indicated they were uncomfortable about Japanese participation in the U.S. economy, whereas most had no qualms at all about European and Canadian investments. The Japanese press notes that there was little U.S. reaction when an Australian bought Twentieth Century Fox but that Sony Corp.'s purchase of Columbia Pictures prompted Newsweek to report that "[t]he soul of the United States was sold." Japanese critics also were unhappy with the way the American media characterized perhaps the most widely discussed Japanese investment of 1989, the purchase of Rockefeller Center. Some complained that U.S. headlines gave the mistaken impression that the New York City landmark was sold unwillingly to Mitsubishi Estate Co., Ltd.

Whether racism is a leading cause of U.S. emotionalism toward Japanese investment is an open question. Some have argued that Japan is singled out for special criticism because: Japanese investments tend to be more high profile than those of other countries; no other country is seen as being such a direct threat to U.S. international economic strength as Japan; and U.S. investors do not believe they have investment opportunities in Japan comparable to what they enjoy in Europe. Whatever the reason, there is no question that some Americans are suspicious of Japanese intentions. For example, a 1988 survey by Smick-Medley & Associates revealed that although Americans are willing to acknowledge Japanese business prowess, they are more reluctant to label them "trustworthy."

	Japanese	British	West Germans	Arabs	Don't Know
Which [nationalities]:					
Are most effective in business?	86%	2%	5%	1%	6%
Treat their workers best?	43	12	13	2	30
Make the best products?	60	4	27	1	8
Are the most trustworthy partners?	27	35	10	1	18
Should invest more in your state?	30	19	12	3	21

Source: Smick-Medley & Associates. 1988 poll.

Interestingly, Japanese citizens reveal some hesitation about the wisdom of Japanese investment in the United States. This may be because some Japanese businessmen have begun to acknowledge publicly that their own or their counterparts' U.S. investment activities could have been handled with more sensitivity. Indeed, some Japanese corporate spokespeople have admitted that they feel partly responsible for the negative attitudes that Japanese investment has generated in the United States. At any rate, over half of the Japanese respondents to a December 1988 survey by Asahi Shimbun expressed reservations about such investment:

> Recently, Japan has been investing profits, which were earned from its trade with the U.S., in plants, banks, real estate, etc. in the U.S. Do you think that it will be better to increase the amount of such investments further? Or, do you think that it will be better to hold down such investments? (American respondents were asked whether it would be better to "encourage," "hold down" or "neither encourage nor hold down" Japanese investment.)

Japan	
Better to Increase	19%
Better to Hold Down	55
Other/No Answer	26
United States	
Better to Encourage	10
Better to Hold Down	63
Neither Encourage nor Hold Down	23
Other/No Answer	4

Source: Asahi Shimbun. December 1988 poll.

In looking at why the investment issue generates such an intense reaction among Americans, one plausible explanation sees foreign investment in this country as a loss of domestic control and, more generally, a loss of U.S. international strength. The rationale behind this position is that purchasing goods and services from Japanese companies is quite different from letting this country's chief economic competitors acquire control over domestic financial assets and important portions of the manufacturing base. Combined with a general recognition that foreign investment can have beneficial side effects, these worries have sparked a political controversy that is likely to continue for the foreseeable future.

Japanese control of U.S. financial and physical resources has added to speculation about the changing relative power -- economic as well as political -- of Japan and the United States. Polls find that American respondents are concerned about the effects of Japanese investment on this country's national sovereignty, while Japanese respondents are much less likely to predict such grandiose effects of their business community's investment activities:

> Do you think that if Japan's economic advance into the U.S. becomes still stronger, Japan will have a big influence on the U.S. government's policy before long, or do you not think so? (American respondents were asked ". . . do you think that the U.S. government's policy will come under too big an influence from Japan?)

	Japan	United States
Will Have Big Influence/ May Come Under too Big an Influence	36%	75%
Don't Think So	46	21
Other/No Answer	18	4

Source: Asahi Shimbun. December 1988 poll.

The Tension of an Evolving Relationship

Policymakers in both Japan and the United States recognize the need to reevaluate some aspects of their relationship. Tokyo has begun to search for

ways to meet the international responsibilities that come with being an economic "superpower." Washington is facing the painful task of attempting to get its own economic house in order without abandoning its international commitments. As might be expected during a period of transition, some signs of tension are apparent as both sides reexamine not only their relationship with each other but their own places in the international system.

Perhaps the biggest source of tension in current bilateral relations is the uncertainty about the kinds of changes that are occurring. For example, some analysts argue that the United States is experiencing a period of hegemonic decline -- much as Great Britain did during the 1930s and the 1940s and after World War II. According to this line of argument, Japan is the emerging hegemon of the international system and therefore will replace the United States as an international superpower. Another view is that although Japan's financial prowess indeed is expanding, the eventual result will be a more equal relationship among the Western allies. This "interdependence" school envisions a world in which Washington no longer is the undisputed leader of the Western alliance but rather one among (more or less) equals. A third view sees America's current economic problems as not irreversible; consequently, with the adoption of appropriate policies Washington will be able to get its economic house in order and retain its international leadership position.

The public's doubts about these superpower debates were reflected in a February 1989 media-generated poll regarding the future of the U.S. international position:

Is the U.S. in decline as a world power?

	Japan	United States
Agree	49%	48%
Disagree	43	44

Sources: New York Times/CBS News for U.S. data; Tokyo Broadcasting System for Japanese data. February 1989 poll.

A sense of ambivalence also applies to the question of whether Japan will surpass the United States in political and economic leadership. Opinions range across the spectrum. Similar to the findings of the poll above, a U.S. News & World Report poll found that Americans are roughly divided on the question of whether other countries are threatening the U.S. position in the international economy.

Is the economic outlook for the U.S. over the next five years

	United States
Just so-so	59%
Gloomy	21
Bright	17

How well or badly is the U.S. competing with other industrialized nations?

We are slipping dangerously, but can still turn it around if we act decisively.	45%
We are still No. 1, but other nations are catching up with us very quickly.	27
We are in a period of long-term economic decline and will eventually lose our position as No. 1.	16
We are No. 1 and will remain the strongest, most dynamic economy in the world.	8

Source: U.S. News & World Report poll by the Roper Organization, March 1988.

When asked a similar question in late 1989 in a Business Week/Harris poll, few Japanese respondents appeared willing to make strong predictions, although a plurality agreed that Japan is a potential challenger to America's superpower status:

How much do you agree with the statement that eventually Japan will take America's place as the world's leading economic and political power?

	Japan
Agree Strongly	6%
Agree Somewhat	37
Disagree Somewhat	23
Disagree Strongly	12
Not Sure	22

Source: Business Week, December 18, 1989.

Not knowing the shape of the future international system does not prevent Japanese citizens from feeling frustrated with the status quo, however. Just as Americans display some hesitation regarding how much they are willing to trust their Japanese business associates, Japanese have mixed feelings about the United States. When asked very generally about their feelings regarding this country, over 60 percent of the Japanese respondents in the Business Week/Harris survey said they "have a sense of closeness or feel favorably disposed" to the United States. When asked more specific questions, though, these respondents appeared somewhat less favorably disposed to Americans:

How much admiration and fondness* do you have for each of the following?

	A Great Deal	A Fair Amount	Not Very Much	None at All	Not Sure
America as a nation	9%	33%	41%	13%	4%
America's economic success	6	29	40	16	9
The American people	7	25	45	18	5

*Translation disputed by some Japanese who say the Japanese word for adoration (akogare) was used rather than the word for fondness.

Source: Business Week, December 18, 1989.

Moreover, just as Americans are accused of racist motivations in their attitudes toward Japanese investment in this country, Japanese citizens have also been criticized for ethnic stereotyping. Thus, in selecting sources of U.S. economic problems, Japanese respondents often point to the racial diversity in this country:

> Now, please choose from this list which you think are the two or three reasons for America's economic problems.

	Japan
Poor education system	15%
Too many different minorities	42
Lazy work force	35
Incompetent management	11
Too interested in short-term returns	25
Insensitivity to foreign markets	29
None	7
Not sure	18

Source: Business Week, December 18, 1989.

If the above characterization of American people appears rather harsh, Japanese citizens do not spare their own society from criticism. In the most general terms Japanese respondents are positive about their country:

> Do you think that today's Japan is a good country in the world, or do you think that it is a bad country?

Very good country	30.3%
Can be said to be a rather good country	61.4
Can be said to be a rather bad country	5.4
Very bad country	0.5
No answer	2.3

Source: Yomiuri Shimbun, March 1989.

But the past few years have been hard on Japan's self-image, with the prolonged effects of the Recruit bribery scandal intensifying popular resentment about political corruption and growing inequalities in wealth and living standards among various groups in Japanese society. Thus, in a December 1988 survey the majority of Japanese respondents chose negative adjectives when asked to describe their own society.

> If you think that there is a word which suits the present way of society, pick only one.

	1981	1985	December 1988
Unfair	19%	20%	30%
Selfish	20	17	19

Stable	17	19	11
Disordered	10	10	11
Free	14	13	10
Corrupt	4	5	6
Prosperous	5	4	3
Solitary	3	3	3
Solidarity	2	1	1
Other/No Answer	6	8	6

Source: Asahi Shimbun, January 1, 1989.

Another effect of the political scandals has been a "turning in" of attention to domestic political events and away from international problems. At least among business and other economic leaders, there is little expectation that the current government will be able to pay much attention to the problems associated with Japan's expanding international role -- at least until domestic matters are resolved:

What do you expect of the Kaifu administration? (Plural answers are permissible.)*

Reforming politics	64.8%
Maintaining favorable business	17.9
Reviewing consumption tax	17.3
Stabilizing political situation	13.0
Dissolving external economic friction	12.3
Proper response to liberalization of agricultural products	6.2
Dialogues with opposition parties	4.9
Other	3.1

*Poll of managerial persons from businesses listed on first and second sections of the Tokyo Stock Exchange as well as leaders of national economic organizations.

Source: Tokyo Shimbun, September 7, 1989.

The Security Relationship

For all their economic disputes the United States and Japan often point proudly to their close bilateral security relationship. Yet the perceptions of the average American appear to differ significantly from those of the average Japanese. Again, the predominant feeling is one of uncertainty over the evolution of the relationship. One driving question posed by analysts in both countries is whether, given Japan's expanding financial resources, Tokyo will expand its military resources in the long run. More relevant in the short run is just how much Japan's economic might contributes to its current military capabilities. Despite calls in Congress for increased burdensharing, the American public is more likely than its Japanese counterpart to conclude that Tokyo's strength in the military sector already is considerable:

Do you think of Japan today as a very strong military power, a somewhat strong military power, a somewhat weak military power, or a very weak military power?

	1989	1988	1987	1985
United States				
Very Strong	7%	8%	7%	11%
Somewhat Strong	41	39	35	51
Somewhat Weak	27	28	30	21
Very Weak	11	14	9	9
Don't Know/No Answer	14	11	19	8
Japan				
Very Strong	10	5	5	4
Somewhat Strong	22	23	27	20
Somewhat Weak	36	42	44	45
Very Weak	26	25	19	26
Don't Know/No Answer	6	5	5	5

Sources: New York Times/CBS News for U.S. data; Tokyo Broadcasting System for Japanese data. February 1989 poll.

Too, there is some skepticism in Japan regarding U.S. dependability in the security arena. Perhaps given the economic tension between the two countries, Japanese respondents are not sure how credible is the U.S. commitment to Japan's defense. American respondents, by contrast, are overwhelmingly confident of this country's commitment to its allies:

If Japan were attacked, do you think the United States would defend Japan, or do you think the United States would not help Japan?

	1989	1988	1987	1985
United States				
U.S. would defend	77%	78%	78%	79%
U.S. would not help	8	10	8	8
Don't know/no answer	15	12	14	13
Japan				
U.S. would defend	44	45	39	42
U.S. would not help	46	50	57	54
Don't know/no answer	10	5	4	4

Sources: New York Times/CBS News for U.S. data; Tokyo Broadcasting System for Japanese data. February 1989 poll.

Added Uncertainty: The Future of Europe

Although the signs of change in the U.S.-Japan relationship might be ignored since it has evolved relatively gradually, the striking events in Eastern

Europe during the second half of 1989 are more than enough to force a reexamination of the future of the international system. As the political barriers in Eastern Europe come down, policymakers have begun to consider the possibility of a world in which East-West tension disappears or becomes so muted as to be almost negligible. The reunification of Germany, for example, might be the first step toward eliminating the difference between "Eastern" and "Western" Europe.

If these distinctions simply melt into one more or less unified "Europe," analysts are wondering, what would be the relevance of the North Atlantic Treaty Organization or the Warsaw Pact in Europe? One appropriate response might be for European countries to formulate a common defense policy -- a step that would almost certainly distance Europe from the United States. If the Soviet threat to East Asia were muted -- a process that has barely begun -- a key reason for a tight U.S.-Japan security relationship might be lessened. Thus, there has been speculation that the policies of Soviet President Mikhail Gorbachev might lead eventually to a loosening of the Western alliance and perhaps even the emergence of four international powers -- the United States, Europe, the Soviet Union and Japan. (Some analysts have suggested that five powers might emerge: the United States, the Soviet Union, Japan, Germany and the rest of Europe.) In other words, the unraveling of the Soviet bloc might lead eventually to the disintegration of the bipolar world and the emergence of a multipolar international system.

In the short run, however, the lessening U.S.-Soviet tensions might exacerbate problems in the U.S.-Japan relationship. That is, as the Soviet threat becomes more muted, U.S. attention is focused increasingly on changes in Europe. And while much attention has centered on the possibility of reducing U.S. military commitments to NATO allies, the lessening of East-West tension also is having an effect on American commitments in the Pacific (see JEI Report No. 9B, March 2, 1990). Tokyo's primary security concern remains the Soviet Union. But changes there as well as in Eastern Europe are prompting Tokyo to review its relationship with its neighbor to the East.

The American perception of a decreased Soviet threat has an even more direct implication for Japan in Washington. It has long been argued by officials in the Departments of Defense and State (among others) that the United States should not embrace harsh economic policies vis-a-vis Japan, a vital ally in the security arena. But if U.S. security concerns diminish, Japanese strategic support may become less vital to this country's short-term political and economic interests. This might lead U.S. policymakers to shift the nature of the linkages between military and economic issues, resulting in a greater willingness in Washington to give bilateral economic disputes more priority.

Another proffered scenario has less to do with the end of the Cold War but rather focuses on the consequences of the European Community's movement toward an integrated economic system in 1992. Specifically, successful EC economic integration may elicit reactions from Japan and the United States. Japanese policymakers especially have expressed concern at the mounting evidence that the world may be carved into regional trading blocs. The EC 1992 movement is at least partially an attempt by European countries to regain economic competitiveness vis-a-vis Japan; thus, Japanese businesses are afraid that they may be shut out of an integrated European market. Similarly, the conclusion of the U.S.-Canada Free Trade Agreement was aimed partially at

bolstering U.S. international competitiveness relative to Japan's. In short, the events in Europe will have repercussions not only for the future of Eastern and Western Europe but perhaps for the entire international system. The role of Japan is likely to be affected significantly by EC integration as well as by the evolution of relations between Eastern and Western Europe.

Conclusion

The events of the past year have created a situation of flux that seems to defy reliable prediction. At the least, the international political and economic systems appear to be in a period of transition. The economic strength of Japan, the liberalization policies in Eastern Europe and the internal turmoil and more conciliatory posture of the Soviet Union in Europe all seem to point to the likelihood that the tight bipolar world of the postwar period will evolve to a much looser constellation of power. In this environment the U.S.-Japan relationship will continue to require redefinition, especially as Japan's expanding financial resources render it an even more significant player in the international arena. Adjustment is a painful process. The tension and the frustration associated with this process are reflected in national attitudes on both sides of the Pacific. Whether policymakers use the positive elements in these attitudes to support painful reforms or whether the public takes its cues from existing political and economic rhetoric will determine whether the U.S.-Japan relationship is adjusted in a manner that continues to provide stability in Asia and that contributes to world prosperity.

For further information, contact Eileen M. Doherty.

Currently a doctoral student in political science at the University of California, Berkeley, Ms. Doherty was JEI's government relations analyst from July 1986 through July 1988.

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The views expressed in this report are those of the author and do not necessarily represent those of the Japan Economic Institute.